

## RECIPROCAL TRADE

*Agreement signed at Tegucigalpa December 18, 1935*<sup>1</sup>

*Proclaimed by the President of the United States February 1, 1936*

*Proclaimed by Honduras February 1, 1936*

*Entered into force March 2, 1936*

*Schedules, articles I, II, IV, and V, and references to article V contained in article XVI terminated February 28, 1961, by agreement of January 18, 1961*<sup>2</sup>

49 Stat. 3851; Executive Agreement Series 86

### PREAMBLE

The President of the United States of America and the President of the Republic of Honduras, being desirous of strengthening the traditional bonds of friendship between the two countries by maintaining the principle of equality of treatment as the basis of commercial relations and by granting mutual and reciprocal concessions and advantages for the promotion of trade, have through their respective Plenipotentiaries arrived at the following Agreement:

### ARTICLE I

Articles the growth, produce or manufacture of the United States of America, enumerated and described in Schedule I annexed to this Agreement<sup>1</sup> and made a part thereof, shall, on their importation into the Republic of Honduras, be exempt from ordinary customs duties in excess of those set forth in the said Schedule. The said articles shall also be exempt from all other duties, taxes, fees, charges or exactions, imposed on or in connection with importation, in excess of those imposed on the day of the signature of this Agreement or required to be imposed thereafter under laws of the Republic of Honduras in force on the day of the signature of this Agreement.

With respect to soaps and butter, enumerated and described in Schedule I, the Republic of Honduras agrees to exempt them from the taxes to which they are now subject as a result of the provisions of Decree No. 84 of the National Congress of Honduras, published on March 3, 1934, on and after the date on which this Agreement comes into force, but, in accordance with the provisions of Article III of this Agreement, they may be subject, together

<sup>1</sup> For schedules annexed to agreement, see 49 Stat. 3866 or p. 16 of EAS 86.

<sup>2</sup> 12 UST 84; TIAS 4677.

with all other articles the growth, produce or manufacture of the United States of America, whether or not enumerated in Schedule I, to the taxes which in accordance with law the municipalities may establish.

#### ARTICLE II

Articles the growth, produce or manufacture of the Republic of Honduras, enumerated and described in Schedule II annexed to this agreement and made a part thereof, shall, on their importation into the United States of America, be exempt from ordinary customs duties in excess of those set forth in the said Schedule. The said articles shall also be exempt from all other duties, taxes, fees, charges, or exactions, imposed on or in connection with importation, in excess of those imposed on the day of the signature of this Agreement or required to be imposed thereafter under laws of the United States of America in force on the day of the signature of this Agreement.

#### ARTICLE III

Articles the growth, produce or manufacture of the United States of America or the Republic of Honduras, shall, after importation into the other country, be exempt from all internal taxes, fees, charges or exactions, other or higher than those payable on like articles of national origin or any other foreign origin.

#### ARTICLE IV

In respect of articles the growth, produce or manufacture of the United States of America or the Republic of Honduras, enumerated and described in Schedules I and II, respectively, imported into the other country, on which ad valorem rates of duty, or duties based upon or regulated in any manner by value, are or may be assessed, it is understood and agreed that the bases and methods of determining dutiable value and of converting currencies shall be no less favorable to importers than the bases and methods prescribed under laws and regulations of the Republic of Honduras and the United States of America, respectively, in force on the day of the signature of this Agreement.

#### ARTICLE V

1. No prohibitions, import or customs quotas, import licenses, or any other form of quantitative regulation, whether or not operated in connection with any agency of centralized control, shall be imposed by the Republic of Honduras on the importation or sale of any article the growth, produce or manufacture of the United States of America, enumerated and described in Schedule I, nor by the United States of America on the importation or sale of any article the growth, produce or manufacture of the Republic of Honduras, enumerated and described in Schedule II.

2. The foregoing provision shall not apply to:

a) Prohibitions or restrictions (1) imposed on moral or humanitarian grounds; (2) designed to protect human, animal or plant life; (3) relating to prison-made goods; or (4) relating to the enforcement of police or revenue laws; or to

b) Quantitative restrictions in whatever form, imposed by the United States of America or the Republic of Honduras on the importation or sale of any article the growth, produce or manufacture of the other country, in conjunction with governmental measures operating to regulate or control the production, market supply, or prices of like domestic articles or tending to increase the labor costs of production of such articles. Whenever the Government of either country proposes to establish or change any restriction authorized by this subparagraph, it shall give notice thereof in writing to the other Government and shall afford such other Government an opportunity within thirty days after receipt of such notice to consult with it in respect of the proposed action; and if an agreement with respect thereto is not reached within thirty days following receipt of the aforesaid notice, the Government which proposes to take such action shall be free to do so at any time thereafter, and the other Government shall be free within fifteen days after such action is taken to terminate this agreement in its entirety on thirty days' written notice.

3. It is understood that the provisions of this Article do not affect the application of measures directed against misbranding, adulteration and other fraudulent practices, or the application of measures directed against unfair practices in import trade, such as are provided for in laws of the United States of America or the Republic of Honduras.

#### ARTICLE VI

1. If the Government of the United States of America or of the Republic of Honduras establishes or maintains any form of quantitative restriction or control of the importation or sale of any article in which the other country has an interest, or imposes a lower import duty or charge on the importation or sale of a specified quantity of any such article than the duty or charge imposed on importations in excess of such quantity, the Government taking such action will:

(a) Give public notice of the total quantity, or any change therein, of any such article permitted to be imported or sold or permitted to be imported or sold at such lower duty or charge, during a specified period;

(b) Allot to the other country for such specified period a share of such total quantity as originally established or subsequently changed in any manner, equivalent to the proportion of the total importation of such article which such other country supplied during a previous representative period, unless it is mutually agreed to dispense with such allotment; and

(c) Give public notice of the allotments of such quantity among the several exporting countries, and at all times, upon request, advise the Government of the other country of the quantity of any such article the growth, produce or manufacture of each exporting country, which has been imported or sold or for which licenses or permits for importation or sale have been granted.

2. Neither the United States of America nor the Republic of Honduras shall regulate the total quantity of importations into its territory or sales therein of any article in which the other country has an interest by import licenses or permits issued to individuals or organizations, unless the total quantity of such article permitted to be imported or sold during a quota period of not less than three months shall have been established, and unless the regulations covering the issuance of such licenses or permits shall have been made public before such regulations are put in force.

#### ARTICLE VII

In the event that the Government of the United States of America or the Government of the Republic of Honduras establishes or maintains a monopoly for the importation, production or sale of a particular commodity, or grants exclusive privileges formally or in effect to one or more agencies to import, produce or sell a particular commodity, the Government of the country establishing or maintaining such monopoly, or granting such monopoly privileges, agrees that in respect of the foreign purchases of such monopoly or agency, the commerce of the other country shall receive fair and equitable treatment. To this end, it is agreed that in making its foreign purchases of any product such monopoly or agency will be influenced solely by those considerations, such as price, quality, marketability and terms of sale, which would ordinarily be taken into account by a private commercial enterprise interested solely in purchasing such product on the most favorable terms.

#### ARTICLE VIII

The tariff advantages and other benefits provided for in this Agreement are granted by the United States of America and the Republic of Honduras to each other subject to the condition that if the Government of either country shall establish or maintain, directly or indirectly, any form of control of foreign exchange, it shall administer such control so as to insure that the nationals and commerce of the other country will be granted a fair and equitable share in the allotment of exchange.

With respect to the exchange made available for commercial transactions, it is agreed that the Government of each country shall be guided in the administration of any form of control of foreign exchange by the principle that, as nearly as may be determined, the share of the total available exchange which is allotted to the other country shall not be less than the share employed in a previous representative period prior to the establishment of any exchange

control for the settlement of commercial obligations to the nationals of such other country.

The Government of each country will give sympathetic consideration to any representations which the other Government may make in respect of the application of the provisions of this Article, and if, within thirty days after the receipt of such representations, a satisfactory adjustment has not been made or an agreement has not been reached with respect to such representations, the Government making them may, within fifteen days after the expiration of the aforesaid period of thirty days, terminate this Article or this Agreement in its entirety on thirty days' written notice.

#### ARTICLE IX

With respect to customs duties or charges of any kind imposed on or in connection with importation or exportation, and with respect to the method of levying such duties or charges, and with respect to all rules and formalities in connection with importation or exportation, and with respect to all laws or regulations affecting the sale or use of imported goods within the country, any advantage, favor, privilege or immunity which has been or may hereafter be granted by the United States of America or the Republic of Honduras to any article originating in or destined for any third country, shall be accorded immediately and unconditionally to the like article originating in or destined for the Republic of Honduras or the United States of America, respectively.

#### ARTICLE X

Laws, regulations of administrative authorities and decisions of administrative or judicial authorities of the United States of America or the Republic of Honduras, respectively, pertaining to the classification of articles for customs purposes or to rates of duty shall be published promptly in such a manner as to enable traders to become acquainted with them. Such laws, regulations and decisions shall be applied uniformly at all ports of the respective country, except as otherwise specifically provided in statutes of the United States of America relating to articles imported into Puerto Rico.

No administrative ruling by the United States of America or by the Republic of Honduras effecting advances in rates of duties or in charges applicable under an established and uniform practice to imports originating in the territory of the other country, or imposing any new requirement with respect to such importations, shall be effective retroactively or with respect to articles either entered for or withdrawn for consumption prior to the expiration of thirty days after the date of publication of notice of such ruling in the usual official manner. The provisions of this paragraph do not apply to administrative orders imposing antidumping duties, or relating to regulations for the protection of human, animal, or plant life, or relating to public safety, or giving effect to judicial decisions.

## ARTICLE XI

In the event that a wide variation occurs in the rate of exchange between the currencies of the United States of America and the Republic of Honduras, the Government of either country, if it considers the variation so substantial as to prejudice the industries or commerce of the country, shall be free to propose negotiations for the modification of this Agreement or to terminate this Agreement in its entirety on thirty days' written notice.

## ARTICLE XII

Greater than nominal penalties will not be imposed in the United States of America or in the Republic of Honduras upon importations of articles the growth, produce or manufacture of the other country because of errors in documentation obviously clerical in origin or where good faith can be established.

The Government of each country will accord sympathetic consideration to, and when requested, will afford adequate opportunity for consultation regarding, such representations as the other Government may make with respect to the operation of customs regulations, quantitative restrictions or the administration thereof, the observance of customs formalities, or the application of sanitary laws and regulations for the protection of human, animal, or plant life.

In the event that the Government of either country makes representations to the Government of the other country in respect of the application of any sanitary law or regulation for the protection of human, animal, or plant life, and if there is disagreement with respect thereto, a committee of technical experts on which each Government shall be represented shall, on the request of either Government, be established to consider the matter and to submit recommendations to the two Governments.

Whenever practicable the Government of either country, before applying any new measure of sanitary character, will consult with the Government of the other country with a view to insuring that there will be as little injury to the commerce of the latter country as may be consistent with the purpose of the proposed measure. The provisions of this paragraph do not apply to actions affecting individual shipments under sanitary measures already in effect or to actions based on pure food and drug laws.

## ARTICLE XIII

Except as otherwise provided in the second paragraph of this Article, the provisions of this Agreement relating to the treatment to be accorded by the United States of America or by the Republic of Honduras, respectively, to the commerce of the other country, shall not apply to the Philippine Islands, the Virgin Islands, American Samoa, the Island of Guam, or to the Panamá Canal Zone.

Subject to the reservations set forth in the third and fourth paragraphs of this Article, the provisions of Article IX shall apply to articles the growth, produce or manufacture of any territory under the sovereignty or authority of the United States of America or of the Republic of Honduras, imported from or exported to any territory under the sovereignty or authority of the other country. It is understood, however, that the provisions of this paragraph do not apply to the Panamá Canal Zone.

The advantages now accorded or which may hereafter be accorded by the United States of America or the Republic of Honduras to adjacent countries in order to facilitate frontier traffic and advantages resulting from a customs union to which either the United States of America or the Republic of Honduras may become a party shall be excepted from the operation of this Agreement.

The advantages now accorded or which may hereafter be accorded by the United States of America, its territories or possessions or the Panama Canal Zone to one another or to the Republic of Cuba shall be excepted from the operation of this Agreement. The provisions of this paragraph shall continue to apply in respect of any advantages now or hereafter accorded by the United States of America, its territories or possessions or the Panamá Canal Zone to the Philippine Islands irrespective of any change that may take place in the political status of the Philippine Islands.

The advantages now accorded or which may hereafter be accorded by the Republic of Honduras to the commerce of Costa Rica, El Salvador, Guatemala, Nicaragua or Panama, so long as any such advantage is not accorded to any other country, shall be excepted from the operation of this Agreement.

Unless otherwise specifically provided in this Agreement, the provisions thereof shall not be construed to apply to police or sanitary regulations; and nothing in this Agreement shall be construed to prevent the adoption of measures prohibiting or restricting the exportation of gold or silver, or to prevent the adoption of such measures as the United States of America or the Republic of Honduras, respectively, may see fit with respect to the control of the export or sale for export of arms, munitions, or implements of war, and, in exceptional circumstances, of all other military supplies.

#### ARTICLE XIV

In the event that the United States of America or the Republic of Honduras adopts any measure which, even though it does not conflict with the terms of this Agreement, is considered by the Government of the other country to have the effect of nullifying or impairing any object of the Agreement, the Government of the country which has adopted any such measure shall consider such representations and proposals as the Government of the other

country may make with a view to effecting a mutually satisfactory adjustment of the matter.

#### ARTICLE XV

As long as the present Agreement remains in force, it shall replace any provisions of the Treaty of Friendship, Commerce and Consular Rights between the United States of America and the Republic of Honduras, signed at Tegucigalpa on December 7, 1927,<sup>3</sup> which may be inconsistent with this Agreement. However, upon the expiration of this Agreement, the provisions of the aforesaid Treaty which have been temporarily suspended shall automatically resume operation and shall continue in full force and effect subject to termination as provided in that Treaty.

#### ARTICLE XVI

The present Agreement shall come into force on the thirtieth day following proclamation thereof by the President of the United States of America, and the President of the Republic of Honduras, or should the proclamations be issued on different days, on the thirtieth day following the date of the later in time of such proclamations, and shall remain in force for the term of one year thereafter, unless terminated pursuant to the provisions of Article V, Article VIII or Article XI. The Government of each country shall notify the Government of the other country of the date of its proclamation.

Unless at least six months before the expiration of the aforesaid term of one year the Government of either country shall have given to the other Government notice of intention to terminate the Agreement upon the expiration of the aforesaid term, the Agreement shall remain in force thereafter, subject to termination under the provisions of Article V, Article VIII or Article XI, until six months from such time as the Government of either country shall have given notice to the other Government.

In witness whereof the respective Plenipotentiaries have signed this Agreement and have affixed their seals hereto.

Done in duplicate, in the English and Spanish languages, both authentic, at the City of Tegucigalpa this eighteenth day of December, nineteen hundred and thirty-five.

For the President of the United States of America:

LEO J. KEENA [SEAL]

For the President of the Republic of Honduras:

ARMANDO FLORES FIALLOS [SEAL]

[For schedules annexed to agreement, see 49 Stat. 3866 or p. 16 of EAS 86.]

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<sup>3</sup> TS 764, *ante*, p. 905.